

Quantifying online influence:

Measuring the impact of online advertising in physical stores



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I Introduction

While online shopping is becoming increasingly prevalent, given the continued appeal of in-store shopping, it's crucial for retailers to understand how the impact of online advertising extends beyond the virtual realm.

In the fast-paced digital age, retailers have experienced a significant shift in consumer behavior. To stay competitive and relevant, many retailers have adapted by investing in online advertising campaigns to attract and engage their target audience. However, the majority of retail sales still occur at physical stores. As a result, measuring the effects of online advertising in physical stores is essential to optimizing marketing strategies, enhancing customer experiences, and achieving long-term success.

Many challenges make online ad attribution for in-store sales tricky, and emergent strategies fail to fully address these challenges. Test and learn, however, is rapidly becoming the optimal methodology for obtaining these measurements. Why? Through testing, advertisers can evaluate the difference between specific test group variants to know, exactly, what factors are influencing in-store outcomes. 📊

Optimizing marketing investments with omnichannel attribution

As the lines between online and offline shopping continue to blur, retailers must recognize the interconnectedness of these channels; online marketing campaigns play a pivotal role in driving foot traffic to brick-and-mortar stores.

The ability to gauge the effectiveness of online advertising in physical stores empowers retailers to optimize their marketing investments. By identifying which online campaigns directly translate into increased store visits and sales, retailers can allocate resources more efficiently. Investing in campaigns that resonate with the target audience and drive in-store traffic yields a higher return on investment (ROI) compared to spending on less impactful initiatives. 📍



Pinpoint cause and effect

Customers exposed to compelling online ads are more likely to visit physical locations where they can experience products in person and complete purchases. Measuring the impact of online advertising in stores helps retailers gain valuable insights into the influence of their digital campaigns on in-store sales.

Attributing customer behavior to improve CX



Boosting customer loyalty

Customer loyalty is a crucial factor for long-term success in the retail industry. Measuring the impact of online advertising in stores can help retailers identify which interactions are driving customer retention. In so doing, they can develop loyalty programs, rewards, and exclusive offers that resonate with their most valuable customers, increasing the likelihood of repeat visits and purchases

Measuring the impact of online advertising in physical stores can also provide retailers with deeper insights into customer behavior.

Attribution helps answer critical questions like: How long does it take for a customer exposed to an online ad to visit a physical store? Which products are customers more likely to purchase after seeing specific online ads? Understanding these patterns empowers retailers to fine-tune their marketing strategies, enhance product placement, and create more personalized experiences for shoppers.

Additionally, effective measurement of online advertising's impact in stores contributes to enhancing the overall customer experience. Retailers can use data insights to create seamless and personalized customer journeys, both online and offline. Analyzing which online ads lead to in-store visits and purchases enables retailers to design better in-store promotions or exclusive offers tailored to the preferences of specific customer segments. 🚀

Identifying attribution challenges

One of the most significant hurdles retailers face in the digital era is finding effective methodologies for attributing online marketing to offline purchases.

When customers conduct research online but make purchases in-store, it can be difficult for retailers to gauge the effectiveness of their online advertising accurately for several reasons:

01 — Attribution complexity

Connecting online advertising efforts to in-store foot traffic is inherently complex. Customers often interact with multiple touchpoints before making a purchase, and the journey may involve various online and offline channels. Determining the exact impact of a specific online ad on an in-store visit requires sophisticated tracking and attribution models.

02 — Privacy concerns

Stricter privacy regulations, like GDPR and CCPA, limit the extent to which advertisers can track user behavior, making it harder to follow customers from online interactions to in-store visits. Respecting user privacy while still obtaining meaningful data presents a delicate balance.

03 — Data fragmentation

Online and offline data are often stored in different systems, leading to data fragmentation. Integrating and analyzing data from disparate sources can be challenging and may require advanced technology and expertise.

04 — Time lag

There can be a considerable time lag between a customer seeing an online ad and making an in-store visit. Tracking these delayed effects accurately requires long-term data collection and analysis, which may not always be feasible for short-term advertising campaigns.

05 — Sample bias

Gathering data on in-store engagement often relies on sampling methods, which may not represent the entire customer base accurately. Small sample sizes or biases in data collection can lead to skewed results.

06 — External factors

Various external factors, such as weather, events, or competitor actions, can influence foot traffic. Isolating the impact of online advertising from these external factors requires careful consideration and analysis.


07 — Incomplete customer data:

Obtaining comprehensive customer data that includes both online and offline interactions is challenging. Retailers may have limited visibility into customers who don't engage with the brand online but make in-store purchases.

08 — Lack of direct interaction

Unlike online conversions that can be easily tracked with pixels or cookies, measuring in-store engagement often requires indirect methods like mobile location data, loyalty program integration, or manual surveys. These methods may not provide real-time, granular data.

09 — Geographic variability

The impact of online advertising on in-store foot traffic can vary significantly based on the geographic location of the stores and the target audience's preferences and behavior in each region. 

Bridging the online-to-offline attribution gap with testing

In the face of attribution challenges, testing has become one of the most effective ways to identify how online advertising is impacting foot traffic and sales.

Testing methodologies focus on measuring incremental impacts, meaning they analyze the difference in outcomes between the test groups (exposed to the advertising variants) and the control group (exposed to the existing advertising or no advertising). This approach isolates the specific impact of online advertising on in-store behavior.

By conducting controlled experiments with different advertising variations, retailers can gain valuable insights into which online campaigns are driving in-store visits and conversions. Retailers can also target specific geographic locations, learning how regional variations correlate to in-store foot traffic, sales, transactions, and retention. Additionally, testing promotes continuous improvement, enabling retailers to iterate on their experiments by refining advertising strategies based on the insights gained from previous tests. 📊

Looking into test and learn strategies and use cases

Through controlled experimentation and analysis, retailers can make informed decisions that lead to better omnichannel advertising strategies, improved in-store engagement, and increased overall business performance.

When evaluating a test and learn strategy for omnichannel ad attribution, be sure to consider the following questions:

- ◇ How agile is the product at adapting to diverse testing requirements? Can app features be co-developed to fit your unique needs?
- ◇ How does the platform support data democratization and divergent user interests? How many users and departments can utilize the software? What is the background or pedigree the power users need to run the software? Is the software user friendly or does it require intensive, specialized training?
- ◇ How adaptable is the platform to working with unique data integration feeds and maintaining data hygiene? How do vendors handle data schema? How long does integration take? In what ways do vendors support database changes and ongoing data hygiene?
- ◇ Does the solution include flexible, attentive continuous client success?

MarketDial provides all of the above with its testing solution, becoming an agile thought partner in measuring how online advertising impacts store presence and customer behavior. Embracing data-driven decision-making and leveraging MarketDial to track the effectiveness of online advertising in stores gives retailers a competitive edge in an increasingly omnichannel retail world.

Paid search precision

Turn paid search on, turn paid search off, test, and compare.

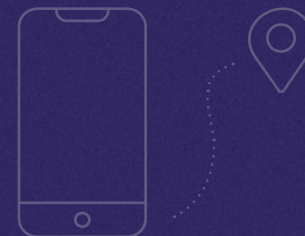
A current MarketDial client has used the software regularly to evaluate paid search impacts on omnichannel outcomes at the market level. By turning off paid search for various markets, they have been able to test against those markets utilizing paid search, evaluating effectiveness based on comparisons between the two.



Geo-centric granularity

Advertise online in one location, test, and measure store impact in that locale.

Other clients have relied on MarketDial to test the value of geo-centric advertising. One client examined if Waze-directed advertising would impact a specific food category, and with high confidence they discovered a significant lift in revenue in the Waze locations exposed to the geo-centric advertising.



| Why MarketDial?

MarketDial provides retailers with the tools they need to validate initiatives quickly and confidently. Our mission is to maximize our clients' potential by offering accurate testing solutions and actionable insights. With our automated analytics and in-store testing tools, businesses can trust they are making data-driven decisions that drive success.

Want to learn more? Contact us at explore@marketdial.com

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Kaitlyn's biology degrees are from Bard College (B.A.) and Harvard (PhD). Her passion for learning led her to become a professor at Georgetown University, publishing a book on developmental biology and co-writing and starring in a Korean educational program, also on developmental biology. When these challenges no longer gave her that thrill of discovery, she focused on an even better fit – revealing the

power of data science. Her role at MarketDial gives her the ideal forum to delve deep into data and then translate her insights into client business wins. That's not the only thing she translates; as a South Korean native, she thinks in English, dreams in English but still counts in Korean. When she's not inspiring people with data, she's playing tennis, snowboarding, and learning the viola.